

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2639 - SB 2490

March 16, 2022

SUMMARY OF BILL: Increases, from five acres to six acres, the maximum size of real property that is eligible for the property tax freeze program.

FISCAL IMPACT:

Decrease Local Revenue – \$38,500/FY22-23 and Subsequent Years

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-705, the Property Tax Freeze Act establishes:
 - Local governments have the option to adopt the property tax freeze program which freezes the tax amount on the principal residence of eligible homeowners.
 - The size limit of for a lot shall not exceed five acres.
- The proposed legislation would increase the size limit to six acres.
- Based on information provided by the Comptroller of the Treasury using tax year 2021 data from 84 counties using the state Integrated Multi-Processing of Administrative and CAMA Technology system:
 - The sum of the value change from five acres to six acres for 809 records was \$5,241,065.
 - The total value on the frozen portions of all Tax Freeze properties in these counties was \$1,228,487,000, resulting in a change factor of 0.004266276.
 - The total tax savings for all jurisdictions was \$9,017,365.
 - Applying the value change factor, the estimated decrease in local revenue is estimated to be \$38,471 (\$9,017,365 x 0.004266276), beginning in FY22-23.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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